

New NSF Cost Sharing Policy Frequently Asked Questions (FAQs)

Revised December 2001

- **What is the effective date of the new cost sharing policy?**

The Policy took effect on 7 May 1999, when approved by the National Science Board. The cost sharing requirements will be incorporated into program solicitations and will apply to awards made in response to proposals submitted in response to those solicitations.

- **What types of programs might warrant inclusion of cost sharing requirements?**

Some examples of programs that may warrant inclusion of cost sharing include awards for infrastructure-building purposes (instrumentation/equipment/centers/facilities) or for awards where there is a clear potential to make profit or generate income (e.g., curriculum development).

- **If there is an intent to require cost sharing on infrastructure, what about cost sharing requirements for equipment under (unsolicited) research awards?**

Cost sharing will be required only when specified in a solicitation or other proposal-generating document. Thus, unsolicited research proposals will be subject only to the statutorily-mandated cost sharing requirement described in Section 333 of the NSF Grant Policy Manual.

Some programs use special "flyers" to announce funding opportunities for specific types of proposals, (e.g., equipment/instrumentation proposals). In such cases, proposals submitted in response to these opportunities are not considered "unsolicited" and proposers are required to meet any special provisions on cost sharing.

- **Equipment requests present some complications under this policy which might best be illustrated by an example. Imagine that a PI has requested a workstation for computational analyses to be done within the scope of the proposed project. While the PI has budgeted \$15,000, the panel reviewers note that they have each recently purchased a similar workstation, without the extra bells and whistles which they deem unnecessary to the project, for \$8,000. If the Program Officer recommends the budget be reduced by \$7,000 to allow purchase of the less-expensive version, the PI might still feel the bells and whistles are essential and may feel pressured to negotiate with the University to make up the difference so as to allow the award to go forward. Note that it is possible that the program officer may be entirely unaware that a cost-sharing negotiation has been sparked by this recommendation.**

This situation needs to be deconstructed since several different issues are raised.

1. In this situation, no cost sharing negotiation should be involved. Program Directors have always been authorized to reduce or eliminate specific budget items that are unnecessary or unreasonable for the activities to be undertaken, especially when the review process supports such changes. However, it is inappropriate for the NSF Program Officer to suggest or imply that issuance of an award is contingent upon the PI obtaining additional funds to make up the difference between the less expensive and more expensive equipment item.

2. If the organization accepts the award at the reduced level and is convinced by the PI that the more expensive item is necessary, any discussions on this topic within the organization are outside the NSF domain. Organizational Administrators and PI's should be aware, however, that any contribution by an organization of additional resources to an NSF-supported project may be considered to be cost sharing for audit purposes.

- **In a similar question concerning an equipment only proposal, a budget reduction that is based on recommendations received from reviewers, from the amount that was originally proposed may not be acceptable to the organization. In such cases, when equipment is reduced (e.g. smaller machine, less costly, fewer bells and whistles) the organization's first choice is whether or not to accept the award. It would be inappropriate for the NSF Program Officer to suggest that the original equipment item could be purchased if the organization would make up the cost differential. It would similarly be inappropriate for the PI to suggest to the NSF Program Manager that if the award were contingent upon the organization securing the originally proposed equipment it would provide leverage for the PI to hold over the organization.**
- **What does the following statement, "requirements for cost sharing may take into account the type of institution, institution size, level of other research support, population served, etc." extracted from the National Science Board approved policy mean and how will it be applied?**

This statement means that cost sharing requirements can be tailored to take into consideration the constituency that is likely to apply to their program. The requirements may be different, for example, for organizations that mainly conduct research versus predominantly undergraduate institutions. A given funding opportunity may identify different levels of cost sharing for different types of organizations so long as the requirements are clear and identified in the cost sharing portion of the program solicitation.

- **How are existing program announcements and solicitations impacted by issuance of the cost sharing policy?**

Awards made based on proposals submitted in response to existing program announcements and solicitations will be subject to any cost sharing requirements included in the announcement or solicitation as originally issued.

- **How is the policy incorporated into the GPG?**

The cost sharing section of the budget (II.C67.I.) is consistent with this new policy, as well as the section on "Revisions to Proposals made during the Review Process" (III.C.)

- **Where will cost sharing requirements be stated in a program announcement or solicitation?**

Cost sharing requirements will be specified in section B. of the program announcement, under "Proposal Preparation and Submission Instructions." If there are no cost sharing requirements beyond the statutory amount, the "Summary of Program Requirements" will state "Cost Sharing is Not Required " under "Cost Sharing Requirements."

- **Can cost sharing requirements be imposed after issuance of a program announcement or solicitation?**

No. This would be in opposition to the intent of the NSB resolution that states, "NSF's cost sharing policies and practices should follow a clear set of principles, be implemented consistently, and be seen as fair by the proposing community."

- **Can cost sharing requirements be changed after the announcement/solicitation is issued?**

In rare cases, a program announcement or solicitation may be amended after originally issued to clarify cost sharing requirements. In these circumstances, ample time will be provided to potential proposers to address such revised requirements in the proposal, or the proposal should be withdrawn.

- **Are proposers required to share in the cost of research proposals submitted solely in response to the NSF Grant Proposal Guide?**

For unsolicited research projects, only statutory cost sharing (interpreted as 1% or more) will be required. This includes all proposals submitted solely in response to the Grant Proposal Guide (GPG). These requirements may be met through cost sharing a minimum of one percent on the project or by cost sharing a minimum of one percent on the aggregate costs of all NSF-supported projects subject to the statutory requirements. The GPG (Sec. II.C.6.I) and the Grant Policy Manual (Section 330) provide additional information as to these requirements.

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- **At what point in the proposal process is consideration of cost sharing appropriate?**

An initial review of the proposal is made to determine whether the proposal meets the eligibility requirements stated in the announcement or solicitation. Proposals that do not meet the requirements are ineligible and should be returned without review.

- **Can cost sharing be a factor after a proposal has been favorably reviewed?**

After the review process and the proposal is considered for funding, program officers may suggest reducing or eliminating costs for specific budget items that are clearly unnecessary or unreasonable for

the activities to be undertaken, especially when the review process supports such changes. Program officers may discuss with Principal Investigators the “bottom line” award amount, i.e., the total NSF funding that will be recommended for a project. In making funding recommendations, program officers may consider the total level of resources available for the project. They may not unilaterally increase the level of cost sharing, or make NSF support contingent upon increased cost sharing by the organization without the prior approval of the PI and the organization's AOR.

When such discussions result in a budget reduction of 10% or more from the amount originally proposed, a corresponding reduction should be made in the scope of the project. The revised reductions in scope must be agreed to by the PI, the Program Officer and the Authorized Organizational Representative (AOR).

- **What instructions will be given to reviewers/panelists regarding the new policy?**

Program officers should inform reviewers and panelists that cost sharing is not to be considered in their evaluation of proposals.

- **How will cost sharing in excess of the eligibility threshold impact the review and evaluation of a proposal by NSF?**

As stated in the NSB resolution, "NSF-required cost sharing is considered an eligibility rather than a review criterion." Any cost sharing offered by an organization in excess of the required amount must not be a factor in the review of a proposal and program officers must instruct reviewers not to use cost sharing as a factor in their evaluation. Program officers may consider such cost sharing in making funding determinations during the budget negotiation phase of the process. All cost sharing would be made a condition of the award and be subject to A-110 documentation and auditing requirements.

- **Is it sufficient to get an email from a PI indicating that a budget reduction has no impact on the scope of the project?**

Yes, that is sufficient if the reduction is under 10% of the amount proposed. The program officer's responsibility should include ensuring the e-mail is in the proposal jacket. For all budget reductions over 10%, regardless of whether cost sharing was required in the program announcement or solicitation, a revised budget must be submitted to the program officer along with an explanation of how the scope of the project will be reduced. Both the revised budget and the explanation must be signed by the PI and AOR.

- **What type of documentation are proposers required to provide when a reduction of 10% or more from the amount proposed is made by an NSF program officer during budget negotiations?**

When such discussions result in a budget reduction of 10% or more from the amount originally proposed, a corresponding reduction should be made in the scope of the project. Proposers must use the FastLane Revised Proposal Budget module to submit this information. In situations when the budget has been reduced by 10% or more and the NSF Program Officer, PI and AOR, however, clearly agree that the project as proposed can be carried out at a lesser level of support from NSF with no expectation of any uncompensated organizational contribution beyond that formally reflected as cost sharing, the "impact" section of the Revised Proposal Budget module must be used to document that agreement.

- **Can cost sharing in excess of the statutory amount that is identified by an organization on Line M of the budget, and agreed to by NSF, be used to meet the cost sharing requirements of other projects?**

Once specified on Line M of the Proposal Budget, and included in the award by NSF, cost sharing amounts in excess of one percent **cannot** be used to meet the requirements of another NSF award that contains specific cost sharing requirements.

- **Can a specified cost sharing amount on an equipment grant be used to meet the statutory cost sharing requirements of another NSF award?**

No. However, if the organization's contribution exceeds the agreed upon cost sharing amount, such excess amounts may be used to meet the statutory cost sharing requirements of another NSF award.

- **What if a proposer becomes aware that a particular program is not in compliance with the policy?**

Please forward a message to costsharing@nsf.gov outlining the details of the noncompliance.